

File Number 5/023/085

Effective Date Nov 3, 2003

Other Agency File Number \_\_\_\_\_

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING

1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECEIVED

OCT 31 2003

RECLAMATION CONTRACT

---ooOoo---

DIV OF OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)  
(Mineral Mined)

5-023-085  
LIMESTONE, QUARTZITE

"MINE LOCATION":  
(Name of Mine)  
(Description)

KEYSTONE RIDGE QUARRY  
APPRX. 4200 FT. NORTH OF HIGHWAY 6  
AND DIRECTLY WEST OF GUREKA

MAMMOTH QUARRY APPRX 2600  
FEET WEST AND 300 FEET SOUTH  
OF MAMMOTH

"DISTURBED AREA":  
(Disturbed Acres)  
(Legal Description)

1 ACRE  
(refer to Attachment "A")

"OPERATOR":  
(Company or Name)  
(Address)

ANDERSON ENGINEERING CO  
977 WEST 2100 SO.  
SALT LAKE CITY, UT 84119

(Phone)

(801) 972-6222



"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

STEVEN D. ANDERSON  
977 W. 2100 S  
SALT LAKE CITY UT.  
801 972-6222

"OPERATOR'S OFFICER(S)":

STEVEN D. ANDERSON PRES.  
VIRGIL B. ANDERSON VP.  
JEANNE ANDERSON SEC.

SURETY":

(Form of Surety - Attachment B)

CERTIFICATE OF DEPOSIT  
ZIONS BANK

"SURETY COMPANY":

(Name, Policy or Acct. No.)

ZIONS BANK

"SURETY AMOUNT":

(Escalated Dollars)

\$5,000.00

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between ANDERSON ENGINEERING CO. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S-023-085 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received 9-5-03. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face



amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.



OPERATOR:

ANDERSON ENGINEERING CO  
Operator Name

By VIRGIL B. ANDERSON  
Authorized Officer (Typed or Printed)

PRINCIPLE V.P.  
Authorized Officer - Position

Virgil B. Anderson 10-31-03  
Officer's Signature Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 31<sup>st</sup> day of October, 20 03, Virgil B. Anderson personally appeared before me, who being by me duly sworn did say that he/she is the Principle VP of Anderson Engineering Co. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Virgil B. Anderson duly acknowledged to me that said company executed the same.

Joelle Burns  
Notary Public  
Residing at SLC UT



4-4-05  
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, Director

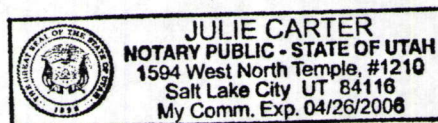
11-3-03  
Date

STATE OF Utah )  
 ) ss:  
COUNTY OF Salt Lake )

On the 3 day of November, 2003, Lowell Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell Braxton is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.

Julie Carter  
Notary Public  
Residing at: Salt Lake

4-26-2006  
My Commission Expires:





# ATTACHMENT "A"

ANDERSON ENGINEERING CO  
Operator

KEYSTONE RIDGE QUARRY  
MAMMOTH QUARRY  
Mine Name

S-023-085  
Permit Number

Juab County, Utah

## LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 1 ACRE acres under the approved / accepted permit and surety, as reflected on the attached map labeled KEYSTONE QUARRY MAMMOTH QUARRY and dated 10-30-03 :

1. Project Location (legal description):

County(ies): JUAB

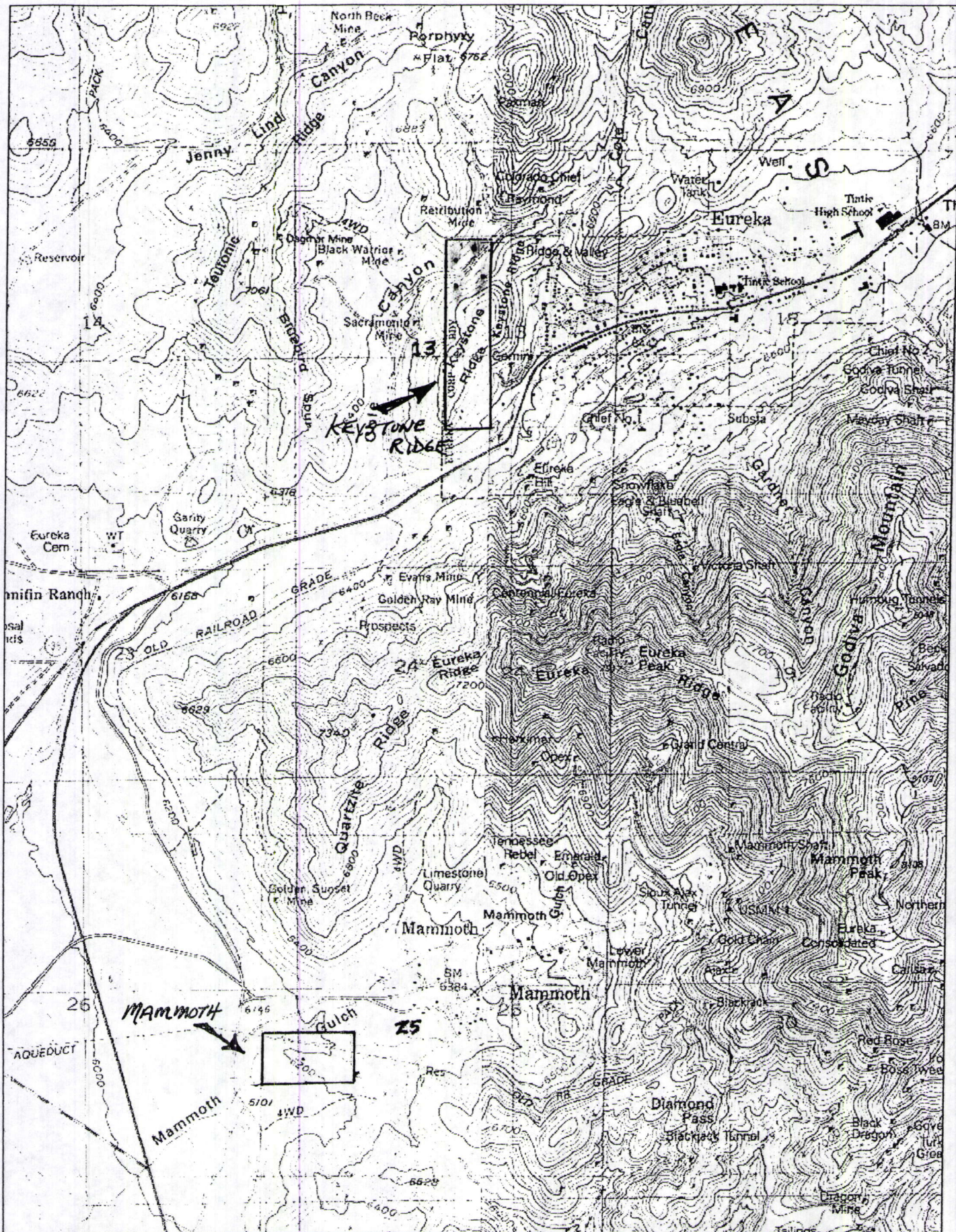
<u>W</u> $\frac{1}{4}$ of <u>SW</u> $\frac{1}{4}$ of <u>NE</u> 1/4:	Section: <u>13</u>	Township: <u>10S</u>	Range: <u>3W</u>
<u>W</u> $\frac{1}{4}$ of <u>NW</u> $\frac{1}{4}$ of <u>SE</u> 1/4:	Section: <u>13</u>	Township: <u>10S</u>	Range: <u>3W</u>
<u>S</u> $\frac{1}{4}$ of <u>NW</u> $\frac{1}{4}$ of <u>SW</u> 1/4:	Section: <u>25</u>	Township: <u>10S</u>	Range: <u>3W</u>

UTM East \_\_\_\_\_ (if known) UTM North \_\_\_\_\_ (If known)

Name of Quad Map for Location: EUROPA & TINTIC Junction

SEE ATTACHED MAP - AS OUTLINED IN YELLOW





Map created with TOPO!® ©2002 National Geographic (www.nationalgeographic.com topo)

**KEY STONE RIDGE QUARRY**  
**MAMMOTH QUARRY**

DTD 10-30-03





State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

Michael O. Leavitt  
Governor

Robert L. Morgan  
Executive Director

Lowell P. Braxton  
Division Director

September 24, 2003

Zions First National Bank  
2302 Washington Blvd.  
3<sup>rd</sup> Floor – Commercial Loan Dept.  
Ogden, Utah 84401

RECEIVED

SEP 30 2003

DIV OF OIL GAS & MINING

Attention: Robert J. Bischoff

Subject: Reclamation Surety, Certificate of Deposit for Keystone Ridge and Mammoth Quarries Mine Site, S/023/085, Juab County, Utah  
Certificate of Deposit no. 1      Principal Amount \$5,000.00.

This letter describes the mutually agreed upon instructions of the below signed parties to Zions First National Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the Keystone Ridge and Mammoth Quarries (Mine Site), Juab County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$5,000.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the mine site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

**Ownership and Renewal:**

Ownership of the CD is retained by Anderson Engineering Company, Inc., a Utah corporation, (Owner), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person



claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

**Release:**

The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time as the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD, which would cause the redemption amount of the CD to be less than the initial amount of \$5,000.00. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

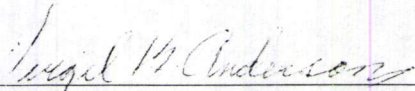
**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:



Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining

Date: 11-03-03



Virgil B. Anderson, Principal  
Anderson Engineering Company, Inc.  
Tax ID Number: ,

Date: 9-25-03



Robert J. Bischoff, Vice President  
Zions First National Bank

Date: 9/26/03



## TIME DEPOSIT CONFIRMATION

Date: 09/22/2003

Permit # S/023/085

Interest Rate: 1.250% Annual Percentage Yield: 1.250% Maturity Date: 09/22/2004

Interest Payment Method: ☒ Add to Deposit ☐ Issue Check ☐ Transfer to Account Number \_\_\_\_\_

Non- Renewable If Checked: ☐☐ Checking/MMDA      ☐ Savings

Zions Bank Representative Signature:

This confirmation is not negotiable. This confirmation is not transferrable except on the records of the Bank. The Certificate of Deposit is issued in accordance with Zions Bank's Deposit Agreement.

RECEIVED

SEP 30 2003

DIV OF OIL GAS & MINING